

## ***Banking and Insurance***

### **PUBLIC 478      An Act to Amend the Maine Insurance Guaranty Association Act      LD 915**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ABROMSON MAYO	OTP-AM	S-402

Public Law 2001, chapter 478 amends the Maine Insurance Guaranty Association Act. In the event of an insolvency of a property and casualty insurer licensed to transact insurance business in the State, the Maine Insurance Guaranty Association pays valid claims of policyholders and certain other claimants and refunds unearned premium as provided by law.

Public Law 2001, chapter 478 exempts certain types of insurance from being subject to the Act, including life, health, disability or annuity insurance; insurance of warranties and service contracts; insurance protecting the interest of a creditor arising out of a creditor-debtor transaction; insurance offering protection against investment risks; and insurance provided or guaranteed by a governmental entity.

Public Law 2001, chapter 478 amends the definition of an insolvent insurer to clarify that it means a member insurer against whom a final order of liquidation has been entered. It excludes from the definition of “covered claims” any first-party claims of an insured whose net worth exceeds \$25,000,000. The law raises the cap on unearned premium that may be refunded to policyholders to \$25,000.

Public Law 2001, chapter 478 provides that the association may intervene as a party in a case involving an insolvent insurer. The law establishes a bar date for filing covered claims as the earlier of 24 months after the order of liquidation or the final date set by a court and allows the association to accept late-filed claims as covered claims for good cause. The law also requires that notification of an insolvency to insureds and other interested parties by the association include prominent notice of the date by which a claim must be filed with the association.

Public Law 2001, chapter 478 applies to the obligations of the Maine Insurance Guaranty Association as those obligations exist on the law's effective date, July 25, 2002, except that the first-party exclusion contained in Title 24-A, Maine Revised Statutes, section 4435, subsection 4; the unearned premium cap and the bar date contained in Title 24-A, Maine Revised Statutes, section 4438, subsection 1; and the right of intervention contained in Title 24-A, Maine Revised Statutes, section 4438, subsection 2, paragraph C apply only to new insolvencies occurring on or after July 25, 2002.

### **PUBLIC 482      An Act to Clarify Recent Amendments to the Maine Consumer      LD 1999 EMERGENCY      Credit Code**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP	

Public Law 2001, chapter 482 clarifies the intent of Public Law 2001, chapter 82, which was enacted in the First Regular Session of the 120th Legislature. The law allows interest to accrue in connection with a deferral of a first periodic payment of a loan if the deferral is for 90 days or less. Interest or costs may not accrue in connection with the entirety of a deferral that exceeds 90 days.

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Public Law 2001, chapter 482 was enacted as an emergency measure effective February 21, 2002.

### **PUBLIC 509      An Act to Amend the Loan Broker Law      LD 1835**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL LAFOUNTAIN	OTP-AM	H-789

Public Law 2001, chapter 509 amends the laws governing loan brokers, or credit services organizations, to apply consumer protections to transactions involving brokers who are paid by lenders or other creditors to arrange credit transactions.

The law clarifies that credit services organization registration requirements do not apply to certain business entities. These include supervised financial organizations and the affiliates, employees or agents of supervised lenders who are not compensated by the consumer, closing agent, telemarketers or automobile dealers that do not accept compensation from the consumer for the provision of credit services. The law also clarifies that an employee of a person or entity excluded from the registration requirements is not required to register as a credit services organization unless the employee is being compensated for the services by the consumer.

### **PUBLIC 524      An Act to Modify Investment-related Insurance Company      LD 1976 Provisions of the Maine Insurance Code**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM	H-812 S-439 LAFOUNTAIN

Public Law 2001, chapter 524 permits property and casualty and life and health insurers to invest up to 20% of their assets in qualifying index mutual funds with the prior approval of the Superintendent of Insurance. The law also clarifies the provision outlining the criteria used by the Superintendent of Insurance to recognize admitted assets and to value assets and liabilities of insurance companies.

### **PUBLIC 527      An Act to Reduce Identity Theft by Regulating Electronically      LD 1880 Printed Credit Card and Debit Card Receipts**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MITCHELL B COLWELL	OTP-AM	S-426

Public Law 2001, chapter 527 prohibits a business or merchant from issuing to a cardholder a credit card or debit card receipt that contains more than the last 5 digits of the credit card or debit card account number or contains

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the expiration date. The law does not apply if the only means of recording the card number is by handwriting or imprint.

Public Law 2001, chapter 527 has a delayed effective date of January 1, 2004.

### **PUBLIC 569      An Act to Define Undisputed Claims for Covered Health Insurance    LD 782 Benefits**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KILKELLY HONEY	OTP-AM	S-463

Under current law, health insurers and health maintenance organizations must pay undisputed claims for covered benefits within 30 days. Public Law 2001, chapter 569 defines the term "undisputed claim" as a claim for payment of covered health care expenses that is submitted on the insurer's standard claim form using the most current published procedural codes with all the required fields completed with correct and complete information. The law also clarifies that the definition applies only to claims made for covered benefits under health insurance policies.

### **PUBLIC 570      An Act to Improve the Accessibility and Affordability of Health      LD 1804 Care Benefits in the State**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MILLS	OTP-AM	S-464

Public Law 2001, chapter 570 amends the provisions governing multiple-employer welfare arrangements to allow an arrangement based on geographic association. Employers with 100 or fewer employees and licensed hospitals located within a 40-mile radius are permitted to form an arrangement to self-fund health insurance coverage with the approval of the Superintendent of Insurance. These arrangements are required to meet the same statutory standards as other multiple-employer welfare arrangements.

The law also changes the provision relating to actuarial reports filed by multiple employer welfare arrangements by making the filing of an actuarial report at least once every 2 years mandatory for the first 4 years. After 2 reports have been filed, an arrangement may apply to the superintendent for a waiver from the mandatory filing requirement.

### **PUBLIC 636      An Act to Provide Maine State Retirement System Representation    LD 2198 on the State Employee Health Commission**

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<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
EDMONDS	OTP-AM	S-516

Public Law 2001, chapter 636 adds a labor and a management member representing the Maine State Retirement System to the State Employee Health Commission.

### **PUBLIC 677      An Act to Address the Health Coverage Crisis for Maine's Small      LD 1784 Businesses and Self-employed Persons**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAXL LAFOUNTAIN	OTP-AM	H-970

Public Law 2001, chapter 677 establishes the Maine Small Business Health Coverage Plan to provide health care coverage to small employers, including self-employed individuals, and their employees and dependents. Small employers are defined as those employers with 50 or fewer employees. The Maine Small Business Health Coverage Plan operates under the supervision of an 11-member board of directors and in coordination with the Department of Human Services. Public Law 2001, chapter 677 requires the board to submit a business plan and actuarial analysis to implement the health coverage program and any necessary federal waivers to the Legislature for affirmative approval before the program begins operation.

Public Law 2001, chapter 677 requires the board to contract with a health insurer, health maintenance organization or the Department of Human Services to provide coverage under the plan through a comprehensive managed care plan, indemnity plan or both. The law requires the board to solicit bids from qualified bidders through a request for proposal process and to award the contract by October 1, 2003. In the event that the Department of Human Services is awarded the bid, the board must notify the Legislature. Coverage under the Maine Small Business Health Coverage Plan must be available beginning January 1, 2004.

Public Law 2001, chapter 677 requires that the plan seek to maximize federal matching funds under the Medicaid program to subsidize coverage for under the plan. The maximum contribution for employees covered under the plan who are categorically-eligible for Medicaid is limited to the cost-sharing requirements of the Medicaid program. The law also requires the Department of Human Services to apply for any federal waivers necessary to implement the plan.

### **PUBLIC 708      An Act to Establish the Maine Consumer Choice Health Plan      LD 2146**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BENNETT	OTP-AM	S-530 S-548 LAFOUNTAIN S-606 GOLDTHWAIT

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Public Law 2001, chapter 708 establishes the Maine Consumer Choice Health Plan as an independent executive agency to act as a voluntary purchasing alliance open to individuals and small employers of 50 or fewer employees. The Maine Consumer Choice Health Plan is governed by a 5-member board of directors appointed by the Governor and confirmed by the Legislature. The Maine Consumer Choice Health Plan is required to contract with participating health insurance carriers to offer at least 3 health benefit plans to enrollees: a fee-for-service plan, a managed care plan and a point-of-service plan.

Public Law 2001, chapter 708 permits the Board of Directors to establish procedures and adopt rules for different risk pools and a risk adjustment mechanism for the plan. Legislative review and approval is required before final adoption of any rules adopted relating to the establishment of risk pools or a risk adjustment mechanism.

Public Law 2001, chapter 708 also requires the Board of Directors, the Superintendent of Insurance and the joint standing committee of the Legislature having jurisdiction over insurance matters to report to the Legislature regarding the feasibility of requiring all insurance carriers to offer only board-authorized plans by January 1, 2005.

**RESOLVE 118**      **Resolve, Regarding Legislative Review of Portions of Chapter 750: LD 2138**  
**EMERGENCY**      **Standardized Health Plans, Part II HMO Guidelines, a Major**  
                         **Substantive Rule of the Department of Professional and Financial**  
                         **Regulation**

Sponsor(s)

Committee Report  
OTP

Amendments Adopted

Resolve 2001, chapter 118 authorizes final adoption of portions of Chapter 750: Standardized Health Plans, Part II HMO Guidelines, a major substantive rule of the Department of Professional and Financial Regulation.

Resolve 2001, chapter 118 was enacted as an emergency measure effective April 11, 2002.